

invest those for other purposes, maybe social objectives, maybe economic development objectives, other objectives that they could imagine that were worthy. That is not an appropriate purpose for retirement funds. The retirement funds are supposed to be invested to provide future benefits for the workers who are now making contributions and the employers who are also making contributions. This puts in law an exclusive benefit rule. We would also make changes in the state and county plans for investments. There are some which enhance the opportunities for investments by the employees in those systems. Those are the defined contribution systems.

SPEAKER WITHEM: One minute.

SENATOR WICKERSHAM: Currently, the employer contributions are invested in guaranteed investment contracts. The employee contributions may be invested in one of three different funds that are made available to them. We're doing...proposing two things really. One, we're increasing the options available on the employee side and, secondly, increasing the number of option.... Increasing the number of options on the employee side and also decreasing the percentages that they have to put in each one of the various categories for investment. We're requiring that the Investment Council and PERB have an annual joint analysis of the investment return on the benefits. We're providing that PERB will assist the Investment Council in establishing policy portfolio objectives for the investment of the retirement plans.

SPEAKER WITHEM: Time. Thank you, Senator Wickersham. Is there any further discussion? You've heard the opening on the amendment. Senator Wickersham, you're recognized to continue your explanation.

SENATOR WICKERSHAM: I think I may have to continue that. I'm sorry to say that, but this is a little bit longer than what I'm able to do in one shot. There were perhaps some people outside of the glass wondering when I was going to get to the provisions that are probably potentially the subject of the most discussion, and that is the transfers of the employer contributions, the employer contributions to the Investment Council for investment. Presently, those funds, as I've noted, are invested in guaranteed contracts, guaranteed income contracts. Those are...the best analogy I could give to them is